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FOR THE SECRETARY FROM AMBASSADOR THOMAS STEPHENSON

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TAGS: [OTRA](#) [PREL](#) [PO](#)
SUBJECT: SCENESETTER FOR YOUR VISIT TO PORTUGAL, SEPTEMBER
5-6

Classified By: Amb. Thomas F. Stephenson, reasons 1.4 (b) and (d)

1. (SBU) Madam Secretary:

Your visit is scheduled to coincide with two important Portuguese foreign policy moments) recognition of Kosovo and Portugal leading discussion on the EU's trans-Atlantic policy. This is an opportune moment to stress that the US and EU generally share goals and to call for an even closer working relationship going forward.

Portugal - Steadfast Ally

12. (SBU) Portugal, a founding member of NATO, is a steadfast ally who has consistently stood by our side over the years despite various changes in government. The President and Prime Minister -- from opposing political parties -- each regularly stress that trans-Atlantic relations are a pillar of Portuguese foreign policy and that NATO is the primary guarantor of European security. Portugal is also a member of the Proliferation Security Initiative, the Container Security Initiative, and the Global Initiative to Combat Nuclear Terrorism.

13. (SBU) The Portuguese military is engaged internationally on numerous fronts. Portugal supports NATO efforts in Iraq (6 soldiers), Kosovo (295), and Afghanistan (15 in place and 42 new this week), as well as UN missions in Lebanon (146), Kosovo (2), and East Timor (164). Portugal participates in EUFOR missions in Bosnia (14), and the DR Congo (2) and sends 85 people to support bilateral cooperation in five Lusophone African nations.

14. (SBU) The Portuguese government provides liberal access to Portuguese air and seaports for U.S. military operations in support of Iraq and Afghanistan. Over the past year, more than 2,100 U.S. military aircraft have overflowed Portuguese controlled airspace and 1,560 have transited through Lajes Air Base, the joint USAF-Portuguese base in the Azores.

Suggested Areas of Focus

15. (C) Kosovo: The Portuguese supported the Ahtisaari Plan and encouraged EU member states to prepare for the move, but then unexpectedly postponed their own recognition of Kosovo. FM Luis Amado recently confided that the main reason behind the delay was Portugal's interest in maintaining a good relationship with Serbia, which became stronger during Portugal's EU presidency. Amado has indicated that Portugal is ready to recognize Kosovo during September before UNGA.

16. (C) Georgia/Russia: As always with Russia, the GOP is reluctant to be critical in public and prefers to work within the EU or NATO. There was some speculation in the media that

President Cavaco Silva was unhappy with the MFA's tepid stance on the Russia-Georgia conflict, but he is not saying so for the record. Portugal is likely to quietly follow, not lead, EU consensus. In its capacity as Chair of the Community of Democracies, Portugal has drafted a statement calling for both parties to abide by the cease-fire, along the lines of the EU statement released on August 13.

¶7. (C/NF) AFRICOM: Portugal is interested in hosting an AFRICOM headquarters and has asked to be included in the DoD's candidate nation list, based on its historic ties to Africa, its low cost relative to other European nations, and its proximity. It is also the only candidate nation with a foreign-owned base up for consideration, causing concerns that a public leak could lead to misunderstandings, both in the U.S. and in Europe. The USG will send a representative in early September to Portugal to assess discreetly its viability to host AFRICOM or one of its components.

¶8. (C) US-EU Trans-Atlantic Relationship: FM Amado will lead the Gymnich discussion on September 5 and 6 on how to improve US-EU ties during the next U.S. administration, as well as enhance the US-EU dialogue on third country initiatives.

¶9. (C) Afghanistan: In August, Portugal rotated 163 Special Forces out of Afghanistan, leaving a 15-person OMLT and a 42-person C-130 detachment in theatre. The Portuguese have promised to deploy a second 30-person OMLT later this year. Days after the withdrawal, Amado privately stressed to the Ambassador his personal opposition to the move and claimed that President Cavaco Silva had been the main proponent for drawing down the troops. He added that he was in favor of

LISBON 00002300 002 OF 003

rotating Special Forces back into theatre soon, which Cavaco Silva has left open as a future possibility.

¶10. (C/NF) Enhanced Bilateral Relationships on Energy: Over the last several months, the GOP has made an effort to strengthen its bilateral commercial relationship with energy-producing nations Venezuela and Libya. At the same time, Portugal's major energy company, Galp, has made commercial overtures to secure energy contracts in Iran. In response to the latter, we successfully pressed the MFA and Galp executives to back away from dealings with Iran and reiterated the need for a unified international front on sanctions. Nevertheless, the GOP is moving forward with energy partnerships elsewhere, and signed 39 new development and food-for-oil agreements with Venezuela, as well as an infrastructure for energy MOU with Libya. Portugal's relationship with Venezuela has historically centered around the roughly 500,000 Portuguese nationals resident in Venezuela; this energy agenda is new. Portugal does not have an established relationship with Libya and is attempting to catch up with other international investors.

¶11. (SBU) Lajes Wage Increase: The bilateral Cooperation and Defense Agreement with Portugal requires that the U.S. Air Force conduct an annual civilian wage survey to set the salary increase rates for the Portuguese employees. Over the past three years, the Portuguese have disputed the wage increase offered, stating that the wage survey called for more. Rep. Barney Frank proposed legislation that would remove the requirement for the wage survey by substituting language in the bilateral agreement, thereby resolving the issue in future years. In exchange for the new language, the Portuguese employees would be given a one-time settlement to cover the difference between the wage survey rate and the actual increase distributed in 2006 and 2007. The bill is in the Defense Appropriations Committee, and we do not expect further action until the fall. This would appear to be a minor issue, yet it often comes up in discussions at the highest levels.

Foreign Minister Amado

¶12. (C) You last met with Amado at the August 19 special session at NATO. He has been a great friend of the US, both in his previous capacity as Minister of Defense and now as Foreign Minister. He is even-tempered, thoughtful, and low-key, and regularly seeks opportunities to coordinate policy with the US. He places great importance on presenting a united public front, whether within the EU, NATO or with the US. If there are differences, he prefers to discuss them discreetly.

Prime Minister Socrates

¶13. (C) Socrates is a telegenic and charismatic leader, who worked hard to improve his English in advance of the EU presidency. He relies on advice from a small circle of advisors. He is a very moderate Socialist who has been successful at co-opting or marginalizing the leftists in his party. He also aggressively pursued his domestic agenda before assuming the EU presidency, achieving difficult labor and social security reforms and reducing Portugal's budget deficit to near EU-mandated levels. Socrates visited President Bush last September to discuss EU presidency and bilateral issues. He has recently been under pressure in the national press for strengthening ties to Angola, Libya, and Venezuela in order to bolster Portugal's energy sources and export markets.

President Cavaco Silva

¶14. (C) Cavaco Silva is the most popular politician in Portugal, even though his center-right party badly trails Socrates' Socialist Party in polls. Although the Portuguese presidency does not wield the executive power of the US presidency, the position is not ceremonial. Cavaco Silva is commander in chief of the armed forces and must approve military deployments and he chairs the Council of State, which handles all constitutional issues. Cavaco Silva considers former President George H.W. Bush a personal friend. Cavaco Silva was displeased that he did not get an Oval Office meeting with President George W. Bush during his 2007 visit to Washington to open a Smithsonian exhibition of Portuguese art, and he declined the former President Bush's offer to visit Kennebunkport. Portuguese Embassy officials

LISBON 00002300 003 OF 003

and some of our interlocutors here have suggested that Portugal's delay in recognizing Kosovo and decision to remove troops from Afghanistan was tied to Cavaco Silva's pique over the perceived slight.
STEPHENSON